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The Industrial and Commercial Outlook

By HON. H. A. GARFIELD

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I HAVE not, during the past year, accumulated a fund either of cynicism or skepticism. I still believe in my fellowmen, and I still look upon the public of America as properly interested in and at reasonable and proper times given to chastening duly their public officials. All of which makes me believe more in democracy than I ever did before. It leads me to recognize that representative democracy is not a failure.

When I left college I entertained the belief, shared, I suppose, by a great many young men, that the world needed reforming, and that we were going to reform it; I believed also that public officials were running things to suit themselves while the people went about their several tasks indifferent to the public welfare. The experiences of the last year convince me that I was mistaken.

While it is my purpose to speak of the outlook rather than the look-back, I venture to give a single illustration of what Mr. Miller has had to say¹ concerning increased productive capacity.

In the production of coal there were engaged in pre-war times a great army of men, perhaps 750,000 of them throughout the country. When one has looked at the reports of previous years, it has been with amazement that the amount of output of coal per person was so small. It was also surprising that the number of days during which the miners worked was so small. I make haste to say that I do not mention these facts as in any sense an indictment of the miner, for he has labored enough to produce the needed amount of coal. The significant point, with reference to our experiences of the past year is that, with a large reduction in the number of men at work, the total amount of coal produced has exceeded, far exceeded, any record heretofore made.

The ability and willingness of our mine-workers to increase production when the need arises and the call comes have been amply demonstrated by the work of the past year. The coal miner produced year in and year out before the war an average of from

¹ See page 308.

three to four tons a day—the amount depending in each case upon the way in which the coal lies in the ground and the difficulties to be overcome in getting it out; but during this past year in many districts a single miner has produced ten, twelve and as high as thirty-five tons a day. I speak, of course, in these latter figures of special instances, in the former of averages. The two statements cannot therefore be compared. I have not the average yet for this year, but I am sure that we will find a very much higher average per man than heretofore.

What shall we do to assist in the readjustment from war to peace? Shall we follow the advice of those who say, "Cut away all supports and let drop what must drop, at once?" Or shall we pursue a more deliberate policy and gradually take away the supports, or, if you please, the restrictions which have been placed upon business during the past year? I believe the truth is found between the two extremes. The principle generally advocated by the American people is that we be left free, that individual initiative be developed and relied upon in the performance of our several tasks as fully as possible; this seems to us to be the normal way. When, however, in a great emergency the government has found it necessary to step in and interpose artificial but very necessary restrictions upon industry, then a condition of things is introduced that is abnormal, and the query very properly before us is whether we ought not to remove those restrictions with some deliberation. My own judgment is that we may set about the task with too much zeal, that there should be a certain amount of holding back, and yet not so much as to artificially hold prices at the high level. Because, as Dr. Miller points out to us,² if prices are artificially maintained at the high level it will in the end work an injury to our industry in competition with industry elsewhere; and that, of course, must reflect itself in the end by injuring the wage-earner.

THE INDUSTRIAL AND FINANCIAL OUTLOOK

Two points are suggested by the topic, "the industrial and financial outlook." I think of industry as our industry at home. I think of the financial relations here intended as having to do more particularly with commerce abroad.

² See page 320.

The statement made by Mr. Ritchie,³ to the effect that many of the problems we are talking about as though they were new problems having to do with reconstruction or readjustment from war to peace, are in fact not new, but old, is true. And yet it seems to me that in dealing with the industrial outlook, we have presented to us an aspect of the labor question so new and so important—with such a new emphasis, perhaps I ought rather to say, upon the relations of capital and labor—that it presents virtually a new problem, a real problem, one growing out of the experiences of the past year.

The illustration which Mr. Saunders gives appeals to me very much⁴—men meeting with their employes on common ground, the familiar factory ground, or wherever it may be, and considering questions as though they affected all, as indeed they do. We have learned the truth of this during the past year. For example in the Fuel Administration over and over again it has been necessary—some strike pending or operators in some region threatening to put in force regulations that would work an injury to labor—whenever a question of that kind has arisen, that I telegraph to representatives of labor and of the operators to come to Washington. They have always come, and we have said to them something like this: “All these questions that divide you must be put aside. America is at war. You have one thing to do, and one thing only; you have to produce coal from the mines and put it into cars. Now, if you, and if we, be true to the great task that presses upon our people at this time, you will agree with me and put aside your differences.” They *have* agreed with me and they *have* put aside their differences, with the result that they have learned how to coöperate, not only in the common purposes connected with the operation of mining, but in the greater common object by which we have all been absorbed during this year.

Government has its proper part in all this. We are learning that the question of capital and labor is no longer a private question in which government has no part. We are coming to see that it is a three-cornered question: Government on the one hand, not owning—that is rather a crude way—but supervising industry;

³ See page 324.

⁴ See page 335.

and on the other hand, labor and capital;—the three coöperating in a common purpose for the benefit of all.

Now, then, one other word as to the second point, concerning the commerce which is international. What is this new stage upon which we are about to enter? It resembles the first in this, —and the President of the United States has expressed it,—the spirit of coöperation is not to be confined to any group. It must be given its full play in the dealings between men at home and between governments in their international relations.

It was said not long ago that the proposals of the Paris Peace Conference of 1916, which advocated war after the war, would work injury to the Entente Allies. The statement was that, if the policy of war after the war were adopted, the coal in German territory could no longer be brought out to the steel plants in Lorraine; and that if that happened there would be great injury to the steel plants in Lorraine, because they would have to go two hundred and fifty miles to England for coal, the French mines being out of commission by action of the German armies, thereby greatly increasing the cost of steel production in the plants around Metz. On the other hand, the coal lying in the German territory is only from fifty to one hundred miles away, and if there were war after war, those coal mines would be cut off from the shipment of eight million, three hundred thousand tons of coal a year, which normally move from Germany into France. This same authority whom I am quoting said: "If you cut that off, the inevitable thing will happen; these eight million tons will move north into the Scandinavian countries and cut off the supply that normally comes from England into those countries, because Germany must sell her coal and will cut under any price offered by England. Germany would be forced, in other words, to dump her coal.

Now, that is a hard-headed practical proposition. By whom was it stated? By pro-Germans? No. It was said by Englishmen. It was printed in a report appearing within this calendar year, by a committee of which Lord Rhondda was chairman, and afterwards Mr. Nimmo, and calling attention to the folly of war after war, so far as the coal trade was concerned.

Similar illustrations can doubtless be produced in other fields. Ever since the days of the mercantile school,—since Adam Smith

gave us a new light upon economic questions,—it has been understood that I do a very foolish thing if I prevent you from producing that thing which you have and I want.

At the present time one of the problems which presents itself to our President and the peace envoys is the question of preserving so far as possible among the nations of the world, the kind of free exchange that depends upon the prosperity of each of the parties to the exchange. That principle is not accepted yet with patience, even when an English committee gives us the illustration and the facts, because we are inclined still to look upon Germany as an enemy. She is technically still an enemy; but we are about the business of making peace,—peace with whom? Peace with friends? No, peace with enemies; peace with the world. And if we carry our purpose out in a sensible way, it will be so carried out that nations will rise in their strength not against nations any more, but in coöperation—in “coöperative competition,” if you like—no longer standing jealously against each other, but coöperating in friendly rivalry to the end that you and I, men and women everywhere may be benefited thereby. The outlook is of vastly improved relations between human beings in their dealings with one another as producers in labor at home and in the great interchanges of commerce and finance the world over.